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**From:** Gokhale, Sudheer K.  
**Sent:** Thursday, November 08, 2007 12:20 PM  
**To:** Campbell, Andrew  
**Cc:** Salvacion, Lisa-Marie; Ulmer, Andrew; Johnson, Aaron J.

Hi Andy,

I want to thank you on behalf of DRA for the opportunity yesterday to discuss with you DRA's issues concerning PG&E's AC cycling program proposal. During the meeting, DRA stated that its preferred recommendation would cost approximately \$23.5 million for a two-year period: 2007-2008 (to install up to 20,000 additional devices in 2007 and up to 50,000 additional devices in 2008).

You asked how much would it cost for the same two-year period under PG&E's proposal. DRA stated that it would be substantially more than DRA's proposal but could not provide a number. DRA now has an estimate based on PG&E's workpapers. DRA estimates PG&E's proposal would cost approximately \$67.7 million for the same two-year period. PG&E's cost is higher primarily because PG&E proposes to install up to 125,000 devices in 2008 versus 50,000 under DRA's proposal. The other reasons are that PG&E assumes 60% of devices will be PCTs (which cost twice as much as switches) versus DRA's assumption of only 10% PCTs. PG&E also assumes higher incentives in its budget.

Please let me know if you have any additional questions.

Thanks

Sudheer Gokhale

DRA